SYNOPSIS

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EFFECT OF E-SERVICE QUALITY ON CONTINUED USAGE INTENTION OF CUSTOMERS IN SELECT PRIVATE SECTOR BANKS

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Globally, the banking witnessed a rapid advancement in digital technology, intensifying the digital transformation process and necessitating the development of new technologies or adjustments to current business model (Kaur and Sahni, 2024). Digital technology is employed by the banks to provide a range of financial solutions, including online payments, equity crowd fund raising, peer-to-peer lending, Insure Tech, and personal financial management. Financial technologies that are changing the whole market, financial market trading, supervisory and regulatory processes, make financial services more convenient for retail customers (Sathiyavani and Shivani, 2018). Customers are now more demanding as a result of the global economic crisis, which has forced businesses to prioritise their customers, make a commitment to deliver top-notch services, and boost organisational effectiveness (Ul Haq and Awan, 2020). Due to the high accessibility of information on the internet, the customers are more empowered and become able to evaluate banks performance. This evaluation led to developing switching behaviour. Nowadays switching behaviour is a key issue faced by the banks (Ngu et al., 2023). Customers are therefore a bank's primary focus since they provide the specifications, which the bank then uses to create norms or standards for cutting-edge, innovative services (Tahtamouni, 2023).

A healthy banking system plays a vital role in the economic development of every country. It is essential for the growth of nation’s economy as banks channelise the fund through the society. India’s economic growth potential is highly depending on banking industry. Indian banking sector going through a long journey. It is undergone tremendous changes with the development of information technology which led to the emergence of e-banking. As a result of these developments a new concept of banking emerged known as e-banking. E-banking is the delivery of bank’s services and information to its customers through electronic devices like smart phone, computer, internet and digital television (Almansour and Elkrghli, 2023).

Today, the number of e-service users tremendously increasing as it facilitates anywhere anytime banking transaction with minimum cost and energy. Customers can make instant fund transfer, access account statements, view account with minimum effort (Soumya et al., 2021). They can easily transact with their account without visiting branch (Lim et al, 2023). Through the e-banking service customers avail services like payments alerts and notifications, card management, online shopping, filing income tax return, payment of

government challans and currency exchange. E-banking enhances faster delivery of banking services to a wide range of customers (Nyangosi 2009). If the customers are satisfied with the quality of services offered by the banks, which helps the banks to build better customer relationships and to retain customers. The banks focus on retaining customers other than creating new one (Shared, 2019). E-Service quality is the measurement of service quality and satisfaction of bank services through e-banking transactions (Mujinga 2020). Service quality is the discrepancies between customer's perception and expectation with regard to service offered by a bank (Parasuraman et al., 2005). Satisfied customers are more committed and directly influence customer retention and enhances the continued usage of e-services (Sharma et al., 2020).

As customers increasingly prefer digital interactions over physical visits, their expectations for seamless, fast, and secure services have grown significantly. Meeting or exceeding these expectations is crucial for banks aiming to retain customers in a highly competitive market (Pasha et al. 2018). Particularly in private sector banks, which are known for their agility and innovation, the quality of e-services plays a pivotal role in shaping customer perceptions, satisfaction, and long-term loyalty. In this context, understanding how e-service quality influences continued usage intention is essential for private sector banks that wish to sustain customer engagement and loyalty. In this context, understanding how e-service quality influences continued usage intention of customers is essential for private sector banks that wish to sustain customer engagement and loyalty.

The previous literatures highlight the role of e-service quality on customer satisfaction and customer's continued usage intention. The e-service quality of banks was measured by studying e-service quality dimensions such as ease of use, efficiency, reliability, responsiveness, privacy and security and service quality has a significant direct effect on customer satisfaction and their intention to continue with the bank (Minhaj and Khan,2025). Extant studies have utilized the E-S-QUAL model to measure the satisfaction on e-service quality (Mujinga et al., 2020; Raza et al., 2020). The direct influence of E-S-QUAL dimensions of service quality on e-service satisfaction, also the perceived value and trust mediate E-S-QUAL dimensions and e-service satisfaction is proved in past studies (Ahmad et al., 2020; Sardana and Bajpai, 2020).

The Banking Service Quality (BSQ) scale consists of effectiveness and assurance, access, price, tangibles, service portfolio and reliability with extended dimension of personal contact

this quality assessment scale could be used for the better assessment and measurement of the overall services quality provided by the banks (Hamzagic and Tournoise, 2021). The ease of use, efficiency, privacy/security and reliability significantly influencing customer satisfaction and their continued usage intention of e-services offered by the banks (Egala et al,2021).

The extant of literature in the context of e-service quality of banks utilized only single service quality model, the study incorporated E-S-QUAL model and BSQ model along with Cognitive Motivational Relational (CMR) theory, proposed by Richard Lazarus (1991). The CMR theory explains customers continuously appraise their digital service experiences, evaluating aspects such as ease of use, reliability, responsiveness, and security. These cognitive evaluations generate emotional responses. Customers are motivated to use e-banking when it supports their personal goals such as Convenience, Time-saving, Secure transactions. A positive appraisal of e-service quality reinforces continued usage and loyalty. The relationship between the customer and the bank is redefined through digital interactions. If customers feel valued and safe, this leads to: trust, satisfaction, continued usage intention.

The study tested the mediation role of e-service satisfaction in the relationship between e-service quality, banking service quality and continued usage intention. Also tested the moderation effect of customer trust in the relationship between e-service satisfaction and continued usage intention.

1. Statements of the Problem

In the digital age, banks face a significant difficulty in retaining customers. A bank's ability to keep customers depends on a number of e-service quality factors, such as ease of use, reliability, responsiveness, safety, dependability, usability, security, personalisation, and overall user experience. Customers may become dissatisfied and choose to use competitors who provide better digital experiences if any of these criteria are neglected. Given the increasing number of banking options accessible to customers, it is critical for long-term business growth to comprehend the factors that influence continuous usage intention of customers in the e-banking industry.

Enhancing continued usage intention of customers is one of the most important aspects of banks' growth and sustainability. It improves customer loyalty, boosts profitability, lowers expenses, and fortifies the bank's position in the market. In order to retain the customers,

banks need to enhance e-service quality, customer pleasure, and personalised experiences first in the era of digital banking, where switching costs are minimal for customers.

In this context, it is highly relevant to conduct this study to understand customer experience and expectations on e-service quality and banking service quality and also its effect on e-service satisfaction and continuous usage intention with the moderating role of customer trust.

From the above discussion the following research questions were identified.

1. Does any difference exist between customer experience and expectation of e-service quality of Private sector banks?
2. Do customer perception on e-service quality and banking service quality of Private sector banks differs across socio demographic profile?
3. What is the effect of elements of E-S-QUAL dimensions and BSQ dimensions on e-service satisfaction?
4. Do the level of customer trust, level of e-service satisfaction and level of continuous usage intention varies with regard to socio demographic profile of customers?
5. Whether e-service satisfaction influence continuous usage intention with the moderating effect of customer trust?

2. Objectives of the study

The objectives of the study are

1. To examine the customer expectation and experience gap of e-service quality and Banking Service Quality offered by the select Private Sector Banks among IT&ITes employees.
2. To analyses e-service quality and Banking Service Quality of select Private Sector Banks across socio-demographic profile of the respondents.
3. To identify the level of customer trust, level e-service satisfaction and level of continuous usage intention of IT&ITes employees on e-service quality of select Private Sector Banks.
4. To analyse the effect of the elements of e-service quality and Banking Service Quality on e-service satisfaction among IT&ITes employees.
5. To explore mediating role of e-service satisfaction in the relationship between e-service quality and Bank Service Quality on continuous usage intention of customers

and moderating effect of customer trust in the relationship between e-service satisfaction and continuous usage intention among IT&ITes sector employees.

3. Research Hypotheses

- H_1: Ease of use of e-banking have positive influence on e-service satisfaction
- H_2: Efficiency of e-banking have positive influence on e-service satisfaction
- H_3: Safety of e-banking have positive influence on e-service satisfaction
- H_4: Reliability of e-banking have positive influence on e-service satisfaction
- H_5: Responsiveness of e-banking have positive influence on e-service satisfaction
- H_6: Interoperability of e-banking have positive influence on e-service satisfaction
- H_7: Service charges have a positive influence on e-service satisfaction
- H_8: Service portfolios have a positive influence on e-service satisfaction
- H_9: Personal contact has a positive influence on e-service satisfaction
- H_{10}: e-service quality has a positive effect on e-service satisfaction
- H_{11}: Banking service quality has a positive effect on e-service satisfaction
- H_{12}: e-service quality has a positive effect on continuous usage intention
- H_{13}: Banking service quality has a positive effect on continuous usage intention
- H_{14}: e-service satisfaction has a positive effect on continuous usage intention
- H_{15}: Customer trust has a positive effect on continuous usage intention
- H_{16}: e-service satisfaction mediates in the relationship between e-service quality and continuous usage intention
- H_{17}: e-service satisfaction mediates in the relationship between banking service quality and continuous usage intention
- H_{18}: Customer trust moderates the relationship between e-service satisfaction and continuous usage intention

4. Scope of the study

The findings of the study will be useful to Academia, Banking Industry and to the banking customers. This study provides insight to research and the findings will be able to demonstrate the contribution of E-S-QUAL dimensions and BSQ dimensions in enhancing e-service satisfaction and promoting their continuous usage intention. The banks are able to understand customer experience-expectation gap in each e-service quality measures and which of the service quality features are important to retain the most tech savvy customer segment.

5. Limitations of the study

Measurement of e-service quality of banks other than select Private sector banks are beyond the scope of research. As the primary data is exposed to personal bias, the same could be possible in this study.

6. Research Methodology

The study is both descriptive and analytical in nature. The locale of the study is Ernakulam districts in the states of Kerala, India which is selected purposively as it is one of the largest IT Hub in Kerala and the number of select private sector banks are high in the district as compared to the other 14 districts. The sample respondents are selected from customers those who are employees from IT&ITes sector and using majority of the e-service offered by the select private sector banks. As per the Government of Kerala Infopark report 2021-2022, there are 307 IT&ITes companies working at Infopark. The researcher approaches all the companies through mail for seeking permission for data collection. Around 54 companies responded to the mail and among them 12 companies gave positive reply. Researcher personally meet the employees of the 12 companies and totally 410 responses were collected using questionnaires. After eliminating incomplete responses 398 responses considered as the final sample size. The questionnaire was designed on the basis of literature review. The questionnaire included 5 sections and the responses on latent variables were obtained through statements designed with five point Likert scale. The secondary data were collected from previous studies, journal article, newspapers, reports and official websites.

From the literature reviewed, Cognitive Motivational Relational theory, and service quality models E-S-QUAL (e-service quality) and BSQ (Bank service quality), a conceptual model was framed. The e-service quality dimensions and bank service quality dimensions consist of the independent variables and continued usage intention is the dependent variable. e-Service satisfaction is mediate the relationship between independent variables and dependent variable. The customer trust moderates the relationship between e-service satisfaction and continued usage intention.

The framework of analysis includes descriptive statistics to describe the profile and banking details of the respondents. Rank analysis is performed to identify most preferred e-services, T test is conducted to analyse gap in customer experience and

expectation on e-banking services. Chi-square test was used to test the association between socio-economic variables and level of satisfaction, level of customer trust and level of continuous usage intention and ANOVA and post-hoc analysis are employed to test the significant difference between experience of e-service quality across socio economic variables. effect of E-S-QUAL dimensions and BSQ dimensions on e-service satisfaction and the impact of e-service quality on continued usage intention with mediating role of e-service satisfaction and the moderating role of customer trust.

7. Results and Discussion

- Majority of the e-banking service users are male (57.8%) in the age group of 36-50 years (64.1%) and most of the respondents are undergraduate (49.2 %), married (56%) earning monthly income between ₹ ` 25,001 to `₹ 75,000 and middle level (57.28%) employees.
- Most of the customers are holding account with HDFC bank, 81.90 percent are holding savings account and having 2-5 years of experience with bank (55.77). Mobile banking is the most preferred banking mode (35.4%), Time-saving features (Mean= 3.67) are the most influential factors driving customers to adopt e-services in private sector banks and Fund Transfer is the most commonly used e-service (79.14%).
- There is no major gap between customer expectations and experiences in terms of ease of use, efficiency, and interoperability and gap is noted in reliability and responsiveness dimensions especially with regard to delay in using e-services, availability of contact information, complaint management system and preferential treatment to customers.
- Gap analysis in banking service quality reveals that customer expectation is higher than their experience with regard to service portfolio but a gap noted in service charge and personal contact dimension especially in proper feedback system.
- Significant association is found between customer's level of trust on e-service quality and banking service quality of select private sector banks and socio economic factors and banking details such as age, education, monthly income, marital status and year of experience with the bank. Level of e-service satisfaction and level of continued usage intention is also significantly associated with age, monthly income marital status and year of experience with bank.

- It is found that there is significant mean difference exists between the customer experience on e-service quality and banking service quality dimension of the private sector banks across age, monthly income and year of experience with the bank. But there is no significance difference exists between customers having different educational attainment.
- The customer having above 50 years of age significantly differ in their experience on e-service quality and banking service quality as compared to the customers of 25-35 year and 36-50 years of age. Further, the customers with above 50 years of age showing positive experience on e-service quality and banking service quality as compared to the rest of the age group.
- The customers earning a monthly income of above ₹ 75000 significantly differ in their experience on e-service quality and banking service quality dimensions as compared to other income category. They are also showing a positive experience with the service quality as compared to others. But this group constitute only $1/3^{rd}$ of the total sample size. Which means that majority of the income groups not significantly differ in their experience.
- The customers having 2-5 years of experience with the bank give great concern to safety, reliability, responsiveness and interoperability of e-services. As their experience increases that customers with above 5 years of experience with bank, their concern is shifted to ease of use, efficiency, service charges and personal contact.
- Ease of use, efficiency, safety, reliability, responsiveness and interoperability have a significant positive influence on e-service satisfaction. Among them interoperability has the strongest influence among all variables, ($\beta = 0.32$)**.** The R^2 value of 0.64 indicates that 64 percent of the variance in e-service satisfaction is explained by the six e-service quality constructs.
- Service charge, service portfolio and personal contact have a significant positive influence on e-service satisfaction. Personal contact has a strong and significant influence on e-service satisfaction, with a beta value of 0.67. The R^2 value of 0.78 indicates that 78 percent of the variance in e-service satisfaction is explained by the three banking service quality factors namely service charges, service portfolios, and personal contact.
- The E-service quality ($\beta = 0.35$) and the Banking service quality ($\beta = 0.76$) has a positive impact on e-service satisfaction.

- The E-service quality (β = 0.15) and Bank service quality (β = 0.38) positively influences continued usage intention, but the effect of e-service quality is relatively weaker compared to banking service quality.
- e-Service satisfaction directly influences continued usage intention resulted β = 0.83, indicate that a very strong positive effect on continued usage intention of customers, which reflects the widely accepted view that satisfied customers are more likely to remain loyal. The customer Trust (β = 0.57) significantly influences their continued usage intention.
- The mediation analysis reveals that e-service satisfaction partially mediates the relationship between e-service quality and continued usage in the context of private sector banks. The direct effect of e-service quality on continued usage remains statistically significant (0.15**), while the mediation effect through e-service satisfaction is also significant (0.30).
- The interaction term between e-service satisfaction and customer trust is also significant (coefficient = 0.42, $p < 0.01$), indicating a moderation effect. This means that the influence of e-service satisfaction on continued usage intention varies depending on the level of trust, the higher the trust, the stronger the impact of satisfaction on continued usage intention of customers with the bank.

8. Implications of the study

- The demographic factors could be significant for bank administrators for targeting the customers, designing personalized services, improving satisfaction, and addressing specific needs, which enhances continued usage intention.
- Optimized service delivery is ensured through understanding the banking practices of customers which spotlights the customer preferences and the digital behavior. As a result, it enhances customer engagement and continued usage.
- The banking service quality not just pertains to service portfolio and service charges but ahead of that building long term customer relationship is considered as a crucial element.
- Gap between customer experience and expectations of e-service quality exhibits the areas where the banks are good at and to identify the areas where service delivery falls short.
- The E-S-QUAL dimensions (Ease of use, Efficiency, Safety, Reliability, Responsiveness and Interoperability) helps banks identify strengths and weaknesses

in their digital platforms. This, in turn, supports the development of targeted improvements to enhance user satisfaction and trust. Ultimately, applying E-S-QUAL leads to continued usage and a competitive edge in digital banking.

- The shortfall with regard to reliability and responsiveness need to be addressed whereas the ease of use, efficiency, safety and interoperability are to be enriched.
- Since satisfaction plays a key role in retaining customers, especially IT sector employees, tech-savvy segments, banks must continuously invest in upgrading their e-banking platforms to match evolving customer expectations.
- The BSQ dimensions has a very strong explanatory power, highlights the strategic importance of designing well-balanced service structures especially focusing on customer relationships as a core component of enhancing e-service satisfaction and customisation of service portfolio are also important.
- Building trust through transparency, security, and consistent engagement is equally essential. The bank should motivate the customers for frequent interaction and to avail all of the digital services offered by them, which will improve the level of trust. Trust not only strengthens satisfaction but also ensures long-term customer loyalty in a competitive digital banking landscape.
- By understanding the interplay of cognitive appraisal of dimensions of e-service quality motivates customers to continuously using e-banking services. This will help the banks to design and deliver customer centric services

9. conclusion

The findings strongly emphasize that e-service satisfaction is the backbone of customer retention in the digital banking era. For private sector banks in Kerala, this means that providing a smooth, responsive, and personalized digital experience is no longer optional, it is essential. Improving mobile app interfaces, reducing downtime, simplifying online transactions, and offering 24/7 digital support can significantly boost services satisfaction. Since satisfaction plays a key role in retaining customers, especially IT sector employees, tech-savvy segments, banks must continuously invest in upgrading their e-banking platforms to match evolving customer expectations.

Equally important is the role of trust as a multiplier in enhancing continued usage intention. Even highly satisfied customers may hesitate to stay if they don’t fully trust the bank.

Therefore, private sector banks must work actively to build and maintain trust through clear communication, data privacy policies, transparent charges, and fast complaint resolution mechanisms.

10. Scope for future Research

- Comparative analysis of e-banking service quality of private sector and public sector banks.
- Impact of customer retention on customer advocacy and brand loyalty
- Effect of AI driven e-banking service quality of banks
- Comparative study of effect of e-service quality between Urban and Semi urban areas.

Paper published

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